

**MINUTES
STATE BOARD OF FINANCE
AUGUST 2, 2006
OFFICE OF THE OMB DIRECTOR
STATE HOUSE ROOM 212**

Members in Attendance:

Auditor Connie Nass
Charles Schalliol, OMB Director
Kirke Willing, Chief Deputy Treasurer

Also in Attendance:

Paul Lottes, Deputy Auditor
Mary Burres, Auditor of State's Office
Tony Armstrong, Deputy Budget Director
Ann Wells, Howard County Auditor
Lawrence Murrell, Howard County Attorney
Tom Guevara, Crowe Chizek – Howard County
Rick Hall, Barnes & Thornburg

CALL TO ORDER

The meeting was called to order by OMB Director Schalliol.

APPROVAL OF MINUTES

Auditor Nass moved to approve the minutes from the June 27, 2006 meeting, Chief Deputy Treasurer Willing seconded, and the minutes were unanimously approved.

DESIGNATION OF A DEPOSITORY FOR PUBLIC FUNDS OF THE STATE

At the request of Treasurer of State Tim Berry, pursuant to I.C. 5-13-9.5, the "Application for Designation as a Depository of Public Funds" was submitted to the Board for approval on behalf of Evansville Commerce Bank.

Chief Deputy Treasurer Willing moved to approve the designation, Auditor Nass seconded, and the designation was unanimously approved.

HOWARD COUNTY RAINY DAY FUND LOAN

OMB Director Schalliol introduced Deputy Budget Director Tony Armstrong to address the Howard County loan request. Deputy Director Armstrong briefly reviewed HEA 1124, IC 6-1.1-21.9 which allows for loans from the Counter-Cyclical Revenue and Economic Stabilization Fund (Rainy Day Fund) due to the Delphi Automotive Systems LLC (Delphi) bankruptcy. Deputy Director Armstrong stated that Delphi filed for bankruptcy protection in October of 2005 and was behind in its property tax payments. He added that some of the Howard County taxing units may need to borrow funds due to Delphi's tax payment shortfall. Director Schalliol distributed a proposed resolution to the Board, a copy of which is attached hereto as Exhibit A. Deputy Director Armstrong informed the Board that the Budget Committee had approved the proposed loans to the Howard County taxing units not to exceed the amounts set forth in Exhibit

A to the resolution. Director Schalliol asked about the term of the loan. Rick Hall, legal counsel for Howard County, stated that the loan would be for no more than 10 years and that as the Delphi tax payments were received, the loan would be repaid. Deputy Director Armstrong stated that not all of the eligible entities would need to borrow. Ann Wells, Howard County Auditor, distributed a list of Howard County taxing units and the anticipated tax receipt shortfall for the units. She stated that some of the units would not be eligible for loans. Deputy Director Armstrong reviewed the resolution and said that it would allow for the Governor, his designees, and representatives of the State Budget Agency to take appropriate action to approve future loans to Howard County taxing units in amounts not to exceed the amounts listed in Exhibit A.

Auditor Nass moved to approve the resolution, Deputy Treasurer Willing seconded the motion, and Director Schalliol called for discussion on the motion. Deputy Treasurer Willing asked how the 60 day payback period was chosen. Tom Guevara of Crowe Chizek, representing Howard County, stated that the settlement process took about 60 days. Howard County Auditor Ann Wells added that it took 51 days to settle tax payments.

Director Schalliol called for a vote. The resolution was approved unanimously.

NEW OR OTHER BUSINESS

No new business was brought before the Board.

ADJOURNMENT

Auditor Nass moved to adjourn the meeting, Chief Deputy Treasurer Willing seconded, the motion to adjourn was unanimously approved, and the meeting was adjourned.

/s/ Auditor Connie K. Nass

/s/ Charles Schalliol, OMB Director

/s/ Kirke Willing, Chief Deputy Treasurer

**RESOLUTION OF THE
STATE BOARD OF FINANCE**

WHEREAS, Indiana Code 6-1.1-21.9 as added by HEA 1124 (the “Act”) authorizes the State of Indiana (the “State”) to make a loan under certain conditions to any “qualified taxing unit” as that term is defined in Indiana Code 6.1.1-21.9-1; and

WHEREAS, each of the City of Kokomo, Howard County, Kokomo Center School Corporation, Center Township, Kokomo-Howard County Public Library, and Howard County Solid Waste District (collectively, the “Borrowers”), will experience a shortfall in 2006 property tax revenues as a result of the bankruptcy proceedings instituted by Delphi Automotive Systems, LLC, which is a “qualified taxpayer” under the Act;

WHEREAS, each of the Borrowers is a “qualified taxing unit,” as defined in Indiana Code 6-1.1-21.9-1(b); and

WHEREAS, the Borrowers may request from the State for a loan from the Counter-Cyclical Revenue and Economic Stabilization Fund established pursuant to Indiana Code 4-10-18 (the “Rainy Day Fund”); and

WHEREAS, each of the Borrowers meets the requirements for a loan set forth under the Act; and

WHEREAS, this State Board of Finance (the “Board”) desires to approve a loan from the Rainy Day Fund for each of the Borrowers.

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BOARD OF FINANCE that:

1. Pursuant to the Act, the Board hereby approves a loan from the Rainy Day Fund to each of the Borrowers in an amount not to exceed the amount of the delinquent taxes owed by a qualified taxpayer under the Act, the current amount of which is set forth on Exhibit A of this Resolution. Such a loan shall be made to a Borrower upon the request of such Borrower, and the State Budget Agency shall report the amount of each loan to the Board.

2. The Board hereby authorizes the Governor of the State or his designee to execute and deliver, and any other officer of the State or its designee to attest to the execution and delivery, of a Loan Agreement with respect to each loan made pursuant to this Resolution, in substantially the form presented at this meeting with such changes as such individuals may deem necessary or advisable. The Governor, any other officer of the State, and representatives of the State Budget Agency are authorized and directed to take any action and execute any documents, agreements and certificates as deemed necessary and desirable to effectuate the foregoing resolutions, and any such actions, documents, agreements and certificates heretofore taken or executed are hereby ratified and approved.

3. This Resolution shall be in full force and effect immediately upon adoption

Resolution approved by a vote of: **3** in favor and **0** opposed on the 2nd day of August, 2006.

/s/ Kirke Willing
Chief Deputy Treasurer of State of Indiana

/s/ Connie Nass
Auditor of State of Indiana

/s/ Charles Schalliol
Director of Office of Management and Budget

Exhibit A

<u>Qualified Taxing Unit</u>	<u>Amount</u>
City of Kokomo	\$2,802,365
Center Township	111,525
Howard County	898,268
Kokomo Center School Corporation	3,239,600
Kokomo-Howard County Public Library	206,018
Howard County Solid Waste District	34,064